

Third Package Consultation Team
Department of Energy and Climate Change
Area 4C
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19 October 2010

Dear Sirs,

Consultation on the Implementation of the EU Third Internal Energy Package

Thank you for the opportunity to respond to the Department of Energy and Climate Change ("DECC") Consultation on the implementation of the EU Third Internal Energy Package ("the Package").

We are responding in our capacity as the Gas Transporters' Agent with responsibility for delivering on behalf of the large Gas Transporters ("GTs") a range of centralised gas transportation services as defined in the GTs' Uniform Network Code ("UNC") and licence, including supply point registration, supplier switching and settlement services. As such, we have limited our response to the gas industry implications of the supplier switching proposals as set out in Chapter 1 of the Consultation.

We have included background information on the role of xoserve in the gas industry in Appendix 1.

Supplier Switching Proposals

Section 1.16 of the Consultation proposes that, on Change of Supplier, the incoming Supplier will be required to start supplying the customer within three weeks of the end of the customer's cooling-off period. Section 1.17 references "respecting contractual conditions" that allow for an exception to this three week timescale.

There is a UNC requirement for the incoming Shipper to confirm to the GT that, subject to objection by the incumbent Shipper, it is to become the registered Shipper for the Supply Point from a future effective date. Appendix 2 of our response contains a timeline of the existing UNC process for effecting a change of registered Shipper at Smaller Supply Points (those that have an Annual Quantity of less than 73,200 kWh) that illustrates how the process is completed within 15 Business Days. The current UNC definition of a Business Day excludes weekends and Bank Holidays, so the process would not be completed within a three week period (21 calendar days) that includes one or more Bank Holidays.

We are keen to see the adoption of a pragmatic approach to implementation of the Package which will avoid potentially costly change to industry systems and processes. We have set out below our thoughts on two ways in which this might be achieved, although this list is not intended to be exhaustive:

- a) If Bank Holidays were deemed not to be included within the determination of the three week period; or
- b) If, in the manner suggested by Section 1.17, it was deemed appropriate that the incumbent Shipper's contractual right to object to the proposing Shipper's confirmation should be allowed to be taken up or expire prior to the commencement of the three week period.

As it appears that the adoption of a pragmatic approach to implementation of the Shipper / GT aspects of the Supplier switching proposals could avoid the need for potentially costly change without a significant detrimental impact on the customer experience, we would encourage DECC to actively consider this approach in giving effect to the proposals.

Whilst our preference is to see the adoption of a pragmatic and therefore 'no impact' approach, we are continuing to support GTs and Shippers in the identification of the most cost efficient and lowest risk approach to modifying systems and processes that would deliver alignment with the Package.

Next Steps

We would welcome the opportunity for further engagement with DECC in order that we may contribute to the successful implementation of the Package.

We are happy for you to publish this letter, including its Appendices. If you would like to discuss further any aspect of our response, please contact [REDACTED] on [REDACTED] or e-mail [REDACTED]

Yours sincerely

[REDACTED]

[REDACTED]

xoserve

Appendix 1 – The role of xoserve

xoserve is appointed by the principal Gas Transporters of England, Wales and Scotland as their common agent to deliver a range of centralised gas transportation services as defined in the Uniform Network Code ("UNC"). The UNC governs the arrangements for the provision of transportation transactional services by Gas Transporters to Shippers, and the principal role of xoserve is to deliver those services on behalf of the Gas Transporters. xoserve also provides services which fulfil a range of Gas Transporters' obligations as defined in their regulatory licences. Services are concerned primarily with the management of the register of Supply Points connected to the Gas Transporters' networks and the preparation and submission of transportation and energy invoices to Shippers.

In addition to the provision of transactional services, a key element of the common agent role is the management of changes to these services, principally driven by Modifications to the UNC and/or Gas Transporters' licences.

Both the transactional and change management services delivered by xoserve are fundamental to the efficient commercial operation of the gas industry and essential to enabling gas supply competition in Britain.

Appendix 2 – UNC Change of Registered Shipper: Timeline for Smaller Supply Points

